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AN
INVESTIGATION
INTO THE
PRINCIPLES AND CREDIT
OF THE
CIRCULATION
OF
PAPER MONEY, OR BANK NOTES,
IN
GREAT BRITAIN:

As protected or enforced by legislative Authority, under the Suspension of paying them in Cash; in the Extent of such Paper Money, the Responsibility attached to it, and its Effects upon Prices of Commodities, individual Income, Agriculture, Manufactures, Commerce; and upon the Course of Exchange with foreign Countries.

TOGETHER WITH
A DISCUSSION OF THE QUESTION,
Whether the restraining Law in favour of the Bank of England from paying Notes in Money, ought or ought not to be continued as a Measure of the State?

BY WILLIAM HOWISON, ESQ.

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NOTICE

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AN
INVESTIGATION,
&c.

THE forced circulation of paper money has been experienced to extinguish the paper credit of most nations which have hitherto resorted to it. America abandoned it: France, in spite of her domains, found the more authority was used to enforce it, of the less value it became. Both these nations have been obliged to drop it, after the holders were deprived of a great part of their property, and many of them ruined. Excessive paper has hitherto proved the tomb of national credit to Government, at least the disappointment of the individuals confiding in it, and the breach of public confidence. It has no termination, but in its own extinction; it advances from a pound to a hundred, from a hundred to a thousand, from thousands to millions, and finally to the juncture in which the whole delusion vanishes in the expansion of its own magnitude.

The present situation of Great Britain affords a new æra in the history of public credit : it shews the experience of every day furnishes new events, on which past experience can give little or no light. In a state of profound peace without and confidence within, to find the British Legislature deliberating upon a forced circulation of paper in place of money, is a singular occurrence. Hitherto recourse to such a measure has only attended the situation of states contending with desperate revolutions within, or oppression from without. The measure has only been resorted to on violent occasions, as the last exertion or expiring effort of a government, without resources to maintain itself, or confidence in the subjects. Why such a measure, the usual concomitant of extreme distress and despair, should be resorted to and persevered in by the Legislature of Great Britain, may perhaps be a matter of curious research to many ; to trace the probable consequences and effect of such a measure upon the community at large in speculation, may be amusing perhaps to speculative minds.

Money is the representation of all value in the common acceptation of mankind. It is the sign of acquired or accumulated wealth. It is the measure of past and future labour. It is the universal accredited vehicle of property, and in most cases of enjoyment. It is the scale by which the desirable objects in life are distributed and estimated, as well as the chief means by

which they are obtained. It is equally the instrument by which the acquirer obtains possession, and the motive for which the possessor yields possession. It is meat, drink, and clothing, where these necessities exist ; because it procures them. It is pleasure, because it is the inducement of action to those who minister to pleasure and amusements. The excellency and influence of money consists in the power it directs over the intentions and opinions of mankind. That power subsists in the abstract circumstance that no authority can create or annihilate it at pleasure. When the creation or destruction of it at the pleasure of any power or authority commences, the value of it must cease, because it then becomes no longer the instrument nor the measure of volition. As such, the production or fabrication of money affects more or less every individual in the state. Whether this universally admitted sign be the precious metals, as gold and silver, the precious stones or diamonds, shells or paper, is perfectly the same, provided it is generally admitted to be the sign or representation of value. Any of these materials may equally serve the purpose, and all of them in some instances have been adopted and used for money in various situations and circumstances. Whether the one, the other, or any of them be so used, they must have the essential quality of imparting or bearing the value ; or any of them will be unequal to the end or pur-

poses of money. This value may be either intrinsic or reputed.

Articles which are most portable and durable, carrying the estimated value intrinsically with the least variation, have in the most general usage been preferred. For these reasons, wherever the use of money has been best known, gold and silver are metals which have always been chosen in preference to any other substances. They are scarce in nature comparatively with other commodities, and are only to be obtained by the application or disposition of industry or labour, which is the true source of all value. They are durable, and both their standard or comparative purity is definable and easily ascertained. They cannot be contaminated or depreciated, but it is capable of being perceived and detected. Neither can their quantities be increased or diminished at the pleasure of individuals, or even of political power. An inexhaustible mine or fountain of money without labour, would cease to retain any value. Having these fixed and inherent qualities, their presence is universally admitted to be the estimated value, or to carry their value intrinsically.

They are therefore of the same importance to every possessor, and become the universally admitted sign of money, of labour, or of value ; as they are generally convertible into, or commutable with labour, they are of the same value.

Paper is an article of little or no intrinsic value, but capable of bearing any value appended to it,

or stamped upon it. It is portable and easily renewed. From these and other circumstances of convenience attending it, wherever character or value could be attached, it has been adopted and used as money. So long as that instrument has been judiciously regulated, it has served with much utility all the purposes of money. Experience has however shewn it has its limits. Whenever, and as long as paper can be converted into money, it has been always admitted and received as money. In such circumstances it is the same in utility as money ; but so soon as it cannot be converted into money, either from the increased quantity, or from the want of money, it is no longer of the reputed value. It may pass for a time under deception ; but the moment this circumstance is discovered, the value must be diminished according to the opinion or estimation of the reputed value. In the tumult of the fears, the hopes, and the agitations arising on the speculations of mankind, to which paper money is particularly favourable, the value of it may become extremely uncertain and precarious ; and if an opinion may be formed from the past occurrences in different nations on that particular, any excess in it must always terminate in the gradual discredit of that paper until its total extinction ; which for the time, in the suspension of confidence, must occasion a storm or convulsion in every operation that vehicle is connected with.

It has been with states as with individuals.

The views and objects of governments, or their necessities and propensities, have led them into enterprises to which their ordinary means or powers were unequal. Real money, the sign and measure of human force, the sole engine of governments, as far as in their reach, has been often spent before their views have been accomplished. In such circumstances they have had recourse to reputed money, or paper stamped with a nominal value as long as current. When its estimation was gone they went in some instances so far as to enforce its circulation by authority, even with the punishment of death. But such authority has been fatal in all cases to the paper money, with as much certainty as death has been to the individual executed under such authority. The application of such force or authority is the true evidence of the want of value. An absolute power may by mandate or decree enforce a subject to take a piece of paper not the value of a farthing, for a guinea, when offered in payment ; or such a decree may in violence obligate a subject to part with his visible property for paper on the same scale of value. But it never can oblige that individual either to continue in the situation, or to bring other property into the circumstances, more than he could be induced to return to Hounslow Heath, and carry his property or the fruits of his industry out with him, to meet the highwayman who had robbed him there the week before. The duties betwixt a well-arranged government and the sub-

ject are reciprocal. They are held together by the common tie of mutual confidence, and of reciprocal support and protection. Without confidence in the subject, upon the stability and justice of any government, the paper money, emanating from, or protected by, such government, has always fallen in credit, so uniformly, that it may be concluded it always will fall. Confidence can support paper, but paper cannot always support confidence.

The *fiat* of direct power in distressed governments has always been injurious to, if not destructive of, the faith upon which pure credit subsists. Credit founded upon confidence is independent of power. It is self-independent, and neither needs nor will admit of any other aid. Violence in every respect is incompatible with the true principles of credit. They are incongruous: where the one exists, the other will not continue long. Force, like frost on the fair vegetation, chills and annihilates the system. So long as the principles of credit exist in any government, there is no need of violence or deception. After these principles are gone, the fabric comes into a languishing condition, and requires extraordinary aid. A pressing moment, an unpopular measure, or a deficiency of resources, may be aided for the time by paper credit. But, sooner or later, the measure, under whatever cover, whether the direct mandate of political power, or under the cover of banks, will be discovered. Then things

will be reduced to first principles, according to the extent of the evil. The credit of paper support must fall, and the state must of course stand or fall by its own energy. When this comes to happen, it may be a consideration, whether or not the state would have been better to have always maintained itself upon its own vigour, than to have been propped by the visionary resource of paper.

Banks, established through a series of years of prudent management and of known capital, acquire a great degree of confidence and credit with the public. As such, they are liable to become a desirable instrument in the hands of power, wherever such an instrument can be obtained. Political power may perhaps, for a time, be able to effect, under the credit of such an establishment, what it otherwise could not effect on its own credit with the public opinion. Power may be accommodated, and the bank benefited, under that deception. But both have their limits. Neither the accommodation to a government nor the profit to a bank can be extended *ad infinitum*; and happy will that country be, which discovers the true point between them, where to rest with utility to both. As the people bear the burden of the whole, the point to stop at would seem to be, where the utility and advantages to the community compensate the charge both of the government and of the banks. Any undue encroachment upon either side of the line is to be

deprecated ; and every individual in the state has an interest to contribute his aid to maintain the just limit.

The paper of the Bank of England would appear, from the late direct law of Great Britain, fortified under the difficulties and expenses of the courts of justice, to have been made almost, or nearly, a legal tender of money. Every individual, therefore, is concerned in the measure.

May he not be permitted publicly to examine the constitution, credit, and authority, on which this paper circulates, the probability of its maintaining the nominal value stamped upon it, so that he, as a holder in common with the community, may not directly, or ultimately, be both deceived and injured in its value ; the effect it has upon him, in the various circumstances and relations of life and property ; and, finally, to inquire, in his reason and understanding, whether, or not, such a law be just and politic in the principle and effects, and whether it ought to be continued from time to time, or to be put to an end ?

In tracing this subject upon facts, we find the Bank of England to have been founded in the year 1694, with a capital of two millions two hundred thousand pounds, to receive an annuity from Government in lieu of that capital. From the utility of the establishment to Government, as well as to the commerce of Great Britain, the Bank appears to have obtained repeated augment-

ations in capital, which chiefly seem to have originated in the connexion between the state and it, until the year 1746, when the capital was increased to 11,686,800*l.* of 3 per cent. consolidated annuities. For this sum, which is the present capital of the Bank, it is not believed the Bank, or even its creditors, are entitled to demand or obtain money from the government in case of derangement in the management, or even of necessity, but only to continue to receive the annuity of 3 per cent. corresponding to that capital.

During the existence of the Bank, there has always been found to arise a tendency in the ministry to draw as much aid from the Bank as possible; and rather to operate upon the established credit of the Bank with the public, for aids and loans, than to come forward, in their official capacities, to the public, with the wants of the day. Under the credit of the Bank, the ministry for the time appears to have had a strong desire to veil the present burden of their measures from the eyes of the nation, until they had committed the national honour for the discharge of the debts.

The Bank, on the other hand, as a mercantile body, being paid for its advances, always has been liberal in the accommodation it afforded to the ministry. On these advances or loans to the government chiefly has the capital of the Bank been augmented, at different periods, since the original institution of two millions two hundred thousand pounds, to the present capital of eleven

millions fix hundred and eighty-six thousand eight hundred pounds.

The Legislature formerly became so jealous of the connexion between the expenditure of the ministry and the gain of the Bank, as in the time of King William and Queen Mary to enact a law prohibiting the Bank from advancing money to Government, but on the credit of Parliament. The Legislature appears then to have considered the Government and the Bank in the circumstances of the spendthrift and the Jew, under the prospect of the parent's estate, and fettered the connexion accordingly. But that regulation is now removed. In 1793, the Government or Ministry obtained from the Legislature, an act removing the restraint, and exempting the Bank from the penalties of the former law. It appeared the Bank, in consequence of that indulgence, advanced to Government between the years 1795 and 1797 about fifteen millions of money. At present, there is no tie or regulation against further advances, or to hinder the Bank from advancing to Government whatever sum of Bank paper Government may choose to carry into circulation.

The Legislature of 1797 enacted a law, in substance hindering the creditor from proceeding to arrest in the first instance, or from giving bail to an action, on tendering a Bank of England note; and hindering the Bank from repaying gold for notes, or even to repay those who deposited cash, except

at different times, to the extent of three fourths of the sum deposited. This restriction, as is believed, has been since continued, from time to time, by following acts of the Legislature, with little variation.

By any law restricting the Bank from paying gold, no responsibility is left on the part of the Bank in favour of the public, further than to give one piece of paper, intrinsically worth nothing, for another piece of paper. Although stamped with great sums, the money is neither payable, nor exigible, while such law shall exist. The Bank issues the paper, and Government pays it to the public creditors, who cannot receive any thing from the Bank for it, but another piece of paper, which ultimately can only return to the Bank, through the channels of the revenue, or in payment of a loan. The paper of the Bank seems, therefore, rendered in fact the paper of Government. For it is of little consequence who makes or issues the notes, since it is the Government that circulates them. Without the expenditure of Government they could not be circulated to the extent, and under such existing law they may be circulated to the extent of the Government expenditure. By issuing from the Bank, the notes are attended with this additional distress to the creditors of Government, that in place of receiving interest for the debts they discharge to Government, the creditor pays to the Bank an interest upon that paper in holding it. In this view Bank

notes, for the purposes of Government, are not only without limitation in the extent to which they may be thrown upon the public, and in the mischief arising in that extent, but burdensome to the subject in the interest the Bank receives. Neither does it appear wherein Parliament has any control over any improper extent of such operations, which a secret or an improper understanding between the Government and the Bank, if that can happen, might involve the public in.

The Bank profits at the loss of the public creditor, and other holders of notes in circulation, in a sum equal to the extent of the interest of the sum in circulation, which, from the account laid before Parliament in February 1803, amounts to no less than 16,108,560*l.* affording to the Bank, without any value whatever to the public, an annuity of 805,428*l.* being the interest of the circulating paper at five per cent. Here is an additional tax levied on the community to the Bank proprietors: and accordingly we have seen the same distributed in increased dividends upon Bank stock, and divisions of accumulated profits to the proprietors, while the price of every other public fund has been much depreciated.

The operation of banking does not admit of excessive circulation of paper, without force or power. The interest of the banks, and the interest of the public, when left to their natural operations, in the circulation of paper, mutually correct each other. The banks will not give out

notes without a profit, which consists in the interest upon the notes. And, in general, the public will not hold notes longer, or in any greater quantity, than the purpose to which they are applied will enable the holders to pay the interest. Yet, under the spirit of adventure, this last admits of exception and regulation. Banks will also keep in view the solvency or ability of the securities in the discounted bills, to repay, a restraint which is removed in the loans to Government. The notes in ordinary circulation, therefore, find their way back to the banks, and become a dead letter in the bank repositories, or are converted into some other medium, or value, in the hands of the banks; and then the loss to the public, or the profit upon them to the bank, ceases. When a bank commences the issue of paper, it is given either in credits to private individuals, to public bodies, or for money. When individuals repay their credits, the same quantity or value of paper, which was issued, is carried back to the bank, with as much more as is equal to the interest; or, which is the same thing, as much money as will enable the bank to take up the paper when it comes.

When individuals are rendered unable to repay their credits, the bank-paper will return from third parties, where there is no credit to meet it. In that case the sum is lost to the bank in the original credit, and the bank must repay the third party from other resources. The notes

given out for every discounted bill, are returned in effect, when that bill is repaid; which in general is at the distance of about two months after, the ordinary term allowed to run on discounted bills.

In the same manner the bankers, to whom the banks make the great issues, when they balance their accounts, or repay their credits, return as many notes as they received from the bank. Hence as to the notes issued on discounted bills, or on accounts current, that can never be carried to an improper extent without risk and loss to the banks, which will always prevent great excess in paper money.

The interest of the banks will prevent the issue of notes in return for money, or gold, unless in so far as that money may be necessary for the exchange of their notes, or can be profitably employed by the banks otherwise, for in the course of the exchange, by receiving money in return for notes, the profit of banking on the circulation is lost; because the money lying unproductive in the coffers of the banks, balances the paper which is given out for it. When the paper is returned the money is given away, and the accounts of circulating bank notes is balanced. In like manner with the bankers who are the great circulators of notes; the discounted bills and credits being repaid to them by the public, the bank notes are balanced, and the paper all comes back into the bankers' with an additional sum of

money, equal to the profits made, when the bankers will return the notes to the banks. Without fresh credits, discounted bills, or money, the paper will not come into circulation again; and if got into circulation, it will always return in the same manner. The reciprocal interest of the bank which issues, or of bankers who circulate, and of the debtor who receives in loan on sound principles, will in general mutually check one another, and limit the extent of circulating paper by the principle of utility and reciprocal advantage. Yet where the banks, or bankers, can transfer the hazards of the adventurer on the money of discounted bills from themselves, by multiplied securities, or otherwise, it may be carried farther than may be beneficial to the community.

In the operation of discounted bills, or credits, in bank books, it is not necessary the debtors to the banks should return the identical notes they receive. It is only necessary they repay the numerical value of them in notes, or in money to meet the notes. By the letter or tenour of bank notes, they are payable to the bearer on demand; they go into the hands of the public at large, and become the property of the porteur, who is thereby entitled to demand the value of them from the bank. In this consists the only criterion and hold which the public have against the excessive circulation of paper money. By this title or right to the bearer, the bank is rendered the guaran-

tee of every person to whom it grants a credit or discounts bills with notes. For the banks pay the notes in the first instance, and must have the recourse upon the original debtor on the paper for repayment. If the original debtor, either by misfortune or misconduct, is rendered unable to repay the bank, the value is lost to the bank. Hence in the just circulation of paper, the banks issuing the paper are responsible to the public for every individual to whom they give credit. Upon this principle alone is founded every degree of confidence the public may repose in any bank, or upon its circulating paper.

Let this responsibility or criterion be suspended or destroyed by any act of power, which may put banks into a situation in which they shall be liable only to give one note for another; or to exchange a slip of paper of any denomination for another, or for one or more slips of paper of other denominations, to make up the reputed numerical value, every security and every check to the public is lost in that act of power; and the principle or solid basis of public opinion or confidence is destroyed by every test being taken away. The matter is made no better by renewal of the paper, or by changing one piece of paper for another; the holder may as well rest with it as it is. Banks being in receipt of a profit of five per cent. for every pound sterling in paper out of their hands, need have nothing in view, but to accumulate the paper upon the public as far as possible. They

need nothing but paper and ink, either to make or to renew them ; and the interest of banks induces them, in such circumstances, to increase their paper as far as possible, whatever may be the effect or consequences of it to society.

The chief difficulty which will remain to banks will, in these circumstances, be, to get enough of their paper into the circle. Having once got it upon the public, they need not give themselves much after-trouble ; because it cannot return upon them, except through the channels in which it went out from them. Then they have the credit of their original debtors to meet it, with a clear profit arising upon it equal to the interest. Any person not having a credit, or not having taken out bank paper upon a credit, cannot return paper upon the banks ; because the banks need not pay for it in any thing but paper. And paper or notes taken out by any person, who may fall into such circumstances, as that he cannot re-obtain the notes, they cannot reach the Bank. That paper must remain upon the public until the act of power, removing the responsibility of the Bank, be done away, so as to expose the Bank to the holder in a demand for money, on the tenour of the obligation. In this situation, the natural connexion between the Bank or bankers, and the public, is reversed. In place of the Bank's being the guarantee of the debtors to it in paper, the public sustain the loss by holding the notes issued to Bank debtors, who are not in circumstances to

return the Bank paper issued to them. Bank notes issued on individual credits, can only return to the Bank to the effect of diminishing the quantity in circulation, through the same individuals in retiring their own credits. And notes issued on the credit of and for the purposes of Government, can only return to the Bank through the same channel, either in the revenue or in loans. When all the credits given by banks in paper or notes, are relieved by the debtors, there is no obligation on banks to receive any more of their paper. And the paper issued to such debtors, whether public or private, as do not retire, their credits must remain upon the public; the Bank gaining and the public losing the interest upon it.

Issues of notes to individuals will generally be restricted by the prospect of responsibility in the individuals to restore their credits, as banks must keep in view, they may at some time be liable to pay their paper in money. If there shall be no such prospect in the Bank, or if the public should conceive an opinion, either that the Bank will not be able to repay their paper, or that, by an act of power, they will be protected from repaying their paper to the extent of its reputed value, confidence will thereby be lost, and the pains of death will not support the credit of the paper; if we may judge from the experience of nations, which had recourse to such modes of forced circulation. In every event, issues of notes to individuals are so checked, as will not probably be

carried to any great extreme ; but issues of paper, to and on account of the Government, may be extended on a much greater sale.

In general, the measures and views of the executive government have no limits, but in the want of money. Every profligate administration is always in want of money. The chief difficulties of Government consist in prevailing upon Parliament, under the influence of the eye and opinion of the public, to supply it with money. In the mean time, it has recourse to every temporary assistance ; and that being more in the power of the Bank of England, than of any other institution, it has been generally resorted to, and assailed by the Government, to make advances even beyond the prudence or inclination of the Directors. This appears in a particular manner from the correspondence of the late Premier with the Bank Directors, which came before Parliament and the public on a late occasion. Interest or profit must always be a powerful motive with the Bank Directors, to accommodate the ministry, from the immense gain attending it. But the Bank Directors formerly had a double duty to attend to ; first, in obedience to the laws, which the wisdom of former legislatures had passed, to prevent any collusion between the necessities of the Government and the avarice of the Bank, which might be hurtful to the state ; secondly, the credit of the Bank to maintain in supporting the credit of its paper, by the faculty

of converting that paper into money, at the will, or according to the opinion or want of confidence in the public. The late ministry having obtained the removal of both these embarrassments, by the repeal of the law prohibiting the Bank from making advances to Government, but upon the credit of Parliament, and by restraining the Bank from paying their notes to the holders or creditors; by such a measure, the obstacles to any concert between the Ministry and the Bank Directors are completely done away. In this situation, the Bank is left to make and issue as many notes as the Government and Directors may choose, or think fit to throw upon the public; which may be done, either by giving the notes directly to Government to pay debts, or by the Bank Directors exchanging their notes with Government securities, as in purchasing Exchequer bills, which are the same thing: and from which paper, no relief or value is left in the power of the public, but in the payment of taxes or loans, as before observed. The consequence was, as appears from the after-proceedings in Parliament, the Bank Directors, betwixt the years 1795 and 1797, were thereby enabled, and actually advanced to Government to the extent of fifteen millions; and the circulation of Bank notes in February 1797, when liable to the calls of creditor or to convertibility into money, has been since so extended, as, on the 1st February 1803, to amount to 16,108,360*l*.

To this increase of notes may be added a proportionate increase in the circulating paper of provincial banks, as emanating from the same law. It is true, the law restraining the Bank of England from paying in cash does not extend to any other banks. Neither can the notes of any other banks be offered as a legal tender, or even prevent arrest. But when the currency of other notes comes to be objected to, the issuers pay no money, and the public have no control over their paper ; for in place of money the issuer presents, or may present, a Bank of England note ; which, in fact, extends the restriction law in favour of the Bank of England to the circulation of the paper of every other bank in the country. And as the Bank of England notes, in such an immense circulation, are always so easily obtained, when a demand shall be made on country banks, it becomes almost unnecessary for country banks to retain in their possession any value corresponding with their notes. In fact, they may circulate them with little or no capital.

In the year 1801 the number of country banks was computed, in the Parliamentary debates, to extend to about four hundred, and supposing each of them on the average to circulate 30,000*l.* of notes, the aggregate of the circulation of country banks would amount to twelve millions sterling. The number of these banks is not decreased since the peace, but rather increased. Neither is there any reason for thinking their circulating paper is diminished in quantity. By adding this sum of the

country bank paper in circulation to the sum of notes of the Bank of England in circulation on 1st of February 1803, they make the amount of circulating paper in Great Britain to be 28,108,560*l.*; or, allowing for a moderate and proportionate increase in the paper of country banks, along with that of the Bank of England, the extent of the whole may be estimated at thirty millions, for the sake of a round number.

It is, perhaps, beyond the faculties of the mind to conceive an adequate idea, or to trace the operations of this immense engine of political and commercial invention. When it is considered the smallest ramifications of every branch of it, down to farthings, more or less influence the comforts and conveniences of every individual in the state, it may be still more beyond the powers of the human understanding to investigate the effects of it. Every member of society must be interested and affected by it, more or less, on all his necessities and comforts. He acts on one fibre or another of the system. To endeavour to elucidate the principles, and to trace the most obvious operations and effects of this paper money towards the community, is the object of this Essay, in the view of aiding the opinion to decide how far it is salutary to the public, and whether it ought to be, or ought not to be continued on the present privileged state, by estimating the advantages and disadvantages apparently attending it.

In viewing such an immense artificial superstructure, which, something like the system of nature, embraces in common every individual within the sphere of it, we are first led to inquire on what foundation is the fabric supported; we are induced to examine the solidity, in order to be convinced of the permanency of the system; and to analyze this wonderful machine, with which every individual of the community, from the statesman, in providing for the national expenditure, to the child, in acquiring his toys, is at work with—this amazing invention, by which old linen is rendered into every degree of wealth, to such numbers as use it.

This immense representation of property, to the extent of thirty millions of circulating paper, in idea and estimation a real property, but intrinsically, or in substance, nothing beyond the value of as much blank paper, appears to be supported in the circle, so far as belongs to the Bank of England, upon the responsibility of the Bank of England to answer all engagements. The quantity of money, which public confidence had left with the Bank, at the time the affairs of the Bank were laid open, was not allowed to be publicly known in any stage of the inquiry. The concealment seems to import, the quantity was less than was wished to be known. Since that period, the Bank of England has had no occasion to retain gold, because it cannot be demanded from the Bank, and it is against the interest of the

Bank to keep gold when there is no occasion for it. The course of exchange has, since that period, been at times considerably against this country, which could only be balanced or paid in gold. The advantages arising from paying the balance of exchange in gold, and the expense of procuring gold being proportionally great, the Bank will incur the expense of procuring gold as little as possible. The country banks have the same motives, and look to the Bank of England for gold, when that shall become necessary. At present, under the restraining law, the notes of the Bank of England serve to the country banks all the purposes of gold. The conclusion to be inferred is, they have little or no money, as they have little occasion for it.

The foundation of the whole mass of circulating paper must then rest upon the Bank of England, which the circumstances already mentioned seem to establish, must have little gold. What then remains? The capitals and credits. The capital of the Bank of England consists of 11,626,800*l.* three per cents, of the three per cent. national funds, which is not convertible into money. It is only an annuity, which never can take circulating paper out of the hands of the public, or extinguish the capital of that paper. At most, the annuity arising upon it could only meet the interest arising upon the capital of paper in circulation, to the extent of 330,000*l.* something more than a fifth part of the interest of the circu-

lating paper : and supposing it could be sold at the market price in cash, it would not much exceed one half of the sum in capital.

The credits of the Bank of England, when last exposed to view, consisted of 6,924,790*l.* including cash, bullion, and bills discounted to the public; and the loans to Government occupied the remainder of the sum of paper in circulation. It from thence appeared the utility of the institution, for the purposes of circulation and of commerce to the community, was within the extent of six or seven millions. The surplus is used as an accommodation to the Government. Supposing, therefore, the scale of the Bank economy, when laid open, applied to its present situation, in the proportion of circulation, it may be at present in advance to the Government in a sum proportionally great, which might be nearly estimated in the faculties of the Bank under the circulation of paper. The emolument of the Bank consists in lending to the Government the whole value of its circulation, beyond the amount of its credits to individuals. Previous to the repeal of the law prohibiting any secret understanding between the Government and the Bank Directors, the Bank had the credit of an institution founded on public utility, and subsisting upon the rectitude of deportment, which might maintain itself even amidst the wreck of revolution. But now it is evidently embarked in the same bottom, and must share the same fate with Government. From a self-existing

and independent institution, like that of every virtuous association, in wisely conducting and protecting itself by public utility, it is become an engine of the state, when more advanced in progress; while the Government can protect the institution, it has an interest to do so; but in that dependance or connexion, its merit with the public may be an after-consideration, in estimating that connexion, with a virtuous and independent administration, upon the original principles of the institution. The responsibility of the Bank, and the solidity of the whole system, beyond the amount of the private credits at the Bank, would therefore seem to rest upon the credit of the Government. The notes of the Bank of England would thence appear to be in substance, or responsibility, the notes of the state. Were they to flow directly from the Government, like Exchequer bills, the holder would receive interest for them. But being made to flow from the Bank, in place of the state, the public must pay interest for them while the notes are held: and, as has already been shewn, it is not now left a matter of choice or option with the public when to quit the notes, by converting them into money.

In the investigation of this wonderful system of paper credit, the mind is puzzled to conceive, why the Government, in its debts, or in the circulation of paper, resting on the credit of the Government, should prefer the credit of a banking company to its own credit; or how the people should accept of or hold the notes of a private

company restricted by the Legislature from paying them with money, in preference to the notes of the Government, which must equally pay the Company's notes, if they shall ever be realized. Experience has shewn Exchequer bills cannot be circulated much beyond the extent of eight millions, without depreciation, and coming to a discount, while Bank notes are circulated under the credit of the Bank of England to the extent almost of seventeen millions ; and, including the paper of country banks, dependant upon or supported by it, to the extent of about thirty millions, without coming to a perceivable discount within the nation ; and that, notwithstanding Exchequer bills, as already observed, carry an interest in favour of the holder, while the holders pay an interest to banks for their notes. How does this happen ? It cannot be from discredit or want of confidence in the Government ; because the responsibility of Government is equally the foundation of both. Can it arise from the want of discernment in the people ? can they be so blind to their interest, and make their situation so much worse by circulating the notes of private companies in the place of the notes of Government ? And does the Government avail itself of that stupidity in the people, and prefer relieving the Bank from payment of its notes, in preference to a forced circulation of its own paper ? The one and the other approach so nearly to the same thing, that whatever consequences may arise from the one may equally happen from the other.

And to whatever extent the paper of either authorities may be carried, they stand upon the same foundation in a great degree. But the paper of Government is evidently least expensive to the public.

The circulation of the paper of the Bank of England to a greater extent than the paper of Government appears capable of, may, perhaps, arise in the spirit of speculation and adventure. The securities of Government are only to be obtained for value. The notes of the Bank of England are obtained in loan without value, by credits in the Bank books, or discounted bills. In this manner they are connected with enterprise; they get equally into the hands of individuals, who have no corresponding property, as into the hands of those who have property, and who otherwise could not be possessed of them. Enterprising individuals, in order to possess themselves of property, obtain notes through such loans and credits; and, to repay these notes, exchange the property with other notes, or with other property. This is done sometimes with benefit to the community, as in creating exchange of commodities and competitions, and sometimes with disadvantages, as in cases of insolvency. But still there must be confidence in the paper; and how that confidence should become greater in the paper of the Bank of England, as capable of being circulated to a greater value, than in the paper of

Government, does not appear to be easily accounted for otherwise.

Having got the immense fabric of paper once afloat, to the extent of about thirty millions, every farthing of which is estimated by the holders as real value, as long as it is convertible either into gold, or such part of it as may be wanted to be converted in support of its credit, or into the property of other nations, the value thereby becomes real. If it is not convertible, or of no value beyond the limits of this country, the value is fiction and deception as to other countries, and it also thereby becomes so in some degree at home. By the existing restraining law it is not now convertible into gold, or cash. From the circumstances into which the Bank of England has been brought, there was not gold to convert so much as was necessary to support the credit of a much more limited circulation of paper. From the unfavourable course of exchange with other countries, which could only be paid in gold, and the expense attending the obtaining of gold to answer the circulation of paper, which the restraining law rendered not necessary, there is reason to believe the Bank has as little gold as ever. The profit of the Bank is directly against the retention of much gold, or foreign money.

Discounted bills or credits remain to support the paper. Both these imply a want of capital in the individuals using them; or their capitals are employed in the first place, and the accommoda-

tion of discounts is taken in aid of capital. Others subsist and operate upon discounts without any capital, as is evident from the books of unfortunate adventurers who fail. In many instances discounted bills may be made an abuse, and become hurtful to the real capital of the country. Prior to the restraining law, banks were responsible for all demands for cash on their notes; they could be called upon for money in relief from the consequences of such discounts. Since the restraining law, every note left upon the community, and issued from discounted bills, by the inability of the individual to carry it back to the Bank, is, during the restraining law, little short of a robbery from the public to the Bank, as far as the value goes. The expense of it becomes at least equally involuntary and irresistible. Supposing any accident to happen to the paper machine, much reality might not be found in the discounted documents, or book credits. But these, it may be alleged, being only to the extent of six or seven millions, as before mentioned, are comparatively small. The great advances are made to Government, and the debt is due by Government: first, in repayment of the Bank advances; and secondly, in the Bank capital, the sum of which is more than the amount of the circulation. As to the circulation of the paper of country banks, their capital ought no doubt to be taken into estimation. Their capitals are generally less than their

circulation, and whatever they possess, even their deposits, are generally placed in the national funds; if so, the circulation of their paper seems to rest upon the same pillow.

The credit of Government is then involved in the paper circulation, not only in what is used for the purposes of Government, but in the whole consequences of paper circulation, or in however much it may be abused. Is there no hazard, the credit of Government may be injured in the use of paper, beyond that which is applied directly to the uses of Government? What could be the motives of former legislators in restraining the credit of Government with the Bank, by severe penalties upon the Bank, till that barrier was removed on the application of the late Ministry? Were the late Ministry more virtuous, or the Legislature more enlightened than formerly, in setting aside this regulation? or, into what circumstances has the Government been conducted, that have rendered the measures of the Legislatures so opposite? when will Government repay this loan to the Bank, of which the individuals of the public hold the voucher in the circulating notes? Where are the assets, goods, or chattels Government has to answer the debts? or what action lies either against Government or the Bank for liquidating this paper? or, supposing their effects brought into execution, will they afford payment to all the creditors? In the inquiry we are led to consider the amount of the debts or engagements

of Government, with the disposition to, and facility of payment.

The total capitals of the Government debt, on the 5th of July 1802, appear to have amounted to five hundred and eighty-seven millions seventy-three thousand two hundred and eleven pounds thirteen shillings, subject to the variations, in the addition of the loan for that year of twenty-five millions sterling, and of the floating debt on one side, and of the deduction of the operation of the sinking fund on the other side. The note-holder finds but little consolation in the general prospect: while the sum of the debts is greater than the mind can distinctly comprehend, little real is visible on the other side of the account—nothing to rest confidence upon—but the actual submission of the present age, and of posterity, to the increasing load of the burdens of their ancestors for time past, and of themselves for the times present, and to come, held in the bond of opinion. And, how variable is opinion! It is thence in the power of opinion to support or annihilate the system in an instant; and paper money, from its general influence, may, like a helm, become the instrument of changing the course of that opinion.

Change that opinion, either in the Government, or in the governed, by overstraining the system, even the shadow may vanish for ever; and, in place of opulence and power, leave only the ashes of a rag. When such a convulsion happens, may it not change both the men and the

measures? Such events are in the fate and history of nations.

It has been observed by a deep-thinking author, Mr. Hume, suppose four fifths of all the money in Great Britain to be annihilated in one night, must not the price of all labour and commodities sink in proportion? And suppose that all the money in Great Britain were multiplied five-fold in a night, must not the contrary effect follow? If the supposition is true with regard to money, it must be equally so with regard to Bank paper, which represents money. But money has its limits, because it is the true medium of value with most, if not all, nations. Wherever it is depreciated, no power on earth, in a state of intercourse with society, can retain it. It is otherwise with paper money, which is capable of being increased *ad infinitum* in any country, for no other nation will receive it. Mr. Hume's conclusion appears no less true in fact than in theory.

Money must either go in circulation in the given quantity, or it must be laid aside. As Bank notes bear an interest to the Bank, no person will keep them idle; and, therefore, the increased quantity in circulation, must float in the increased price of commodities. If a partial derangement of the relative value of commodities is occasioned by an influx of gold, it soon and gradually corrects itself without any convulsion. If such a derangement happens by paper, it generally terminates in an explosion, because paper,

when it has no corresponding true value, always tends to its own intrinsic value. It is an artificial supply of want by its authors to procure from the occupiers that which the authors have not, or otherwise cannot procure, and frequently terminates in transferring the property from the individual who possessed, to the individual who avails himself of that mode of possession, when it cannot be otherwise obtained voluntarily. This is always the case with insolvents, who do not pay their bills or paper to their creditors. And it has also been used by governments as the mean of bringing the people under involuntary and violent contributions.

If Mr. Hume is right in his supposition as to the effect of an augmentation or decrease of money in prices, by applying the principle to the paper circulation in Great Britain, the effect may be nearly calculated. The extent of the circulation of the Bank of England is the only circulation regularly ascertained. Before the law suspending cash payments, the notes of the Bank of England in circulation were in February 1797 about eight millions six hundred thousand pounds.

According to Mr. Thornton's account of it, the average circulation, during three years, ending in December 1795, was eleven millions nine hundred and seventy-five thousand five hundred and seventy-three pounds. Previous to the late war, the circulation must have been much less, because the Bank was not permitted to make great loans

to Government, and the payments by Government, through which the notes were circulated, were much less in amount. Moreover, gold for small payments was in abundance. Since the suspension of cash payments, the amount of the Bank circulation of paper has risen to sixteen millions one hundred and seventy-eight thousand five hundred and sixty pounds, consisting of three millions two hundred and thirty-four thousand five hundred and thirty pounds of small notes of the value of two pounds, and of one pound; and of twelve millions eight hundred and seventy-four thousand and thirty pounds of notes of larger sums, being an increase of more than a third, and, at times, of one half of the paper formerly in circulation. The consequence of which must be sometimes double, and always a third more money must go in the price of commodities used in ordinary life; or, which is the same thing, the income of every individual, in the measure of his enjoyments, must, in most cases, be as much reduced. A revenue of three thousand pounds now becomes equal in effect only to two thousand or fifteen hundred pounds of revenue formerly; three hundred pounds per annum, becomes equal only to two hundred or one hundred and fifty; and a revenue of thirty pounds only equal to twenty or to fifteen pounds. The diminution either in comforts or necessaries must be conformable to that scale, throughout society at large, situated under the influence of such paper circulation.

In articles of necessity, when limited in quantity, the distress may be carried to a still greater degree by means of paper credit, or paper money. The consumption of articles of luxury, or even of convenience, when the price is high, may be deferred until the price becomes suitable. But in articles of necessity that cannot be done. They must be had as long as within the power of the user, at whatever rate. Any means, which enable the possessor of such commodities in times of scarcity, to withhold the articles from market, enable him to raise the price just as high as he may choose, or as the last shilling of the user can reach. Discounting of bills, in the late scarcity, enabled corn-dealers to relieve the demands upon them for payment of prices, and to feed the markets just as their avarice dictated, and thereby must have added greatly to the distress in the dearth. By a speculation in rum, founded upon discounted bills, it was raised to three prices, which limited the consumption so much as to accumulate the quantity beyond the power of the speculators. The consequence was the ruin of the speculators, and an after distress to the grower of the article, arising from the glut. In this instance, discounted bills equally produced ruin to the adventurer, as in the diminished consumption it caused an injury to the planter, to trade, and to the revenue. By the command of fictitious money in paper, the same thing may be done, and is done, more or less, in every article. The Bank Directors, by

withholding, or pouring upon, the public paper money, may raise or lower prices as they please, so long as the public have no check upon them, by demanding the conversion of their paper into value. No person, who buys during an increased circulation, can sell, during a diminished circulation, without loss, if not ruin.

By the restraining law, nothing seems to be left with the public in self-defence against such consequences, short of the absolute rejection of paper money in the first instance; for violent measures always give rise to severe, if not to violent, remedies. Gold, the general standard of money in society, is not subject to such abuse, and cannot be made the means of such irresistible distress to individuals. It is as much beyond the restraint of power, as it is proof against the devices of private fraud and of public deception.

Fortunately for mankind, however, there are times and situations, in which the prices of necessary commodities cannot be influenced by the operations in money. Among the burning sands in the deserts of Arabia, where there is little or no water, the last sixpence might be extorted for a drink of water; but, on the banks of the Nile, it is impossible to bring in ordinary circumstances any price upon it, the quantity there being so much greater than the occasion for it; and still water is of equal utility to the animal economy in both places.

Corn is now become in such plenty, from the

late favourable seasons, the fictitious state of paper money cannot influence it; notwithstanding the depreciation of money, that article is fallen back in price. Animals being longer in attaining maturity, butcher's meat cannot be so soon supplied, and, not being in such quantity, like most other articles of luxury, it is kept up in price upon the scale of depreciated money.

There appear, therefore, to be circumstances, in which paper money cannot affect much certain articles of abundance. But wherever there is necessity and scarcity combined, paper money will always be an instrument to add to the distress. While the extent of the circulation is kept up, inasmuch as the money is thrown out of the price of some articles, it must be so much more accumulated in the price of other articles.

In agriculture, the depreciated state of money thus appears, in times of abundance, not capable of influencing the prices of production; for the surplus of the commodity must either be carried into other countries, or it must rest at home and keep down the price. Other countries will not receive it advanced in price under the influence of depreciated money, because they can raise the article cheaper at home. As the farmer pays his rent from the price of the commodities he raises, the rent must fall back in the same proportion. This must in time also affect the revenue of the landlord, or proprietor, and reduce it upon the same scale. Hence, while both the farmer and

the landlord derive no benefit in their revenue from the increased circulation of paper money, they are loaded with it in their expenditure upon other articles, either of industry or of commerce. In countries where the production of articles exceeds the consumption, paper money may thus become unfavourable to the extension of agriculture.

In manufacture, the price of the raw materials must be increased in the scale of depreciated circulation. The interest upon the price or capital must also be increased. For if it requires 150*l.* to be borrowed or employed to effect a certain quantity, or extent, of any commodity or manufacture, under the increased circulation of paper money, which 100*l.* would do, under the circulation of gold, or the money of other countries, the interest upon that capital of the article becomes, in reality, seven and a half per cent. when charged at five per cent. of the money. It may be more : according to the depreciation for the time. When this is repeated in all the intermediate stages of the article, from the purchase of the raw material out of which it is formed, through the hands of the manufacturer and merchant, or from the raw material to the consumption, it may amount to a very weighty evil ; and the manufacturer, or merchant, must just have so much less profit from it. The revenue of the consumer can reach only so much less of the article. Hence it would appear, a depreciated state of money, by excess-

five paper, is unfavourable to the extent of manufacture, both in the consumption and in destroying the power of manufacturing at a cheap rate in the country. In the rival countries it must operate as a premium on their industry.

In a commercial point of view, the interest of capital, the commissions and other charges made by per centage, are increased by the same scale as already shewn, and which with the other advances in price must occur, and be repeated frequently until the commodities reach either the consumer or a foreign country. There it forms a barrier against the access of the commodity, which is the measure of the relative state of the two countries. This must be overcome by superior industry, ingenuity, and capital, or other accidental or local circumstances, in order to maintain the intercourse and traffic. When the whole of these advantages collectively are unequal to put the transactions of a country upon an equal footing with any other country, thence arises an unfavourable course of exchange, which must be paid with any gold remaining until that is exhausted. It is only after every outgoing in a nation is exhausted and calculated in a commercial point of view, that the course of exchange rises against it. The exchange is the difference arising in balancing the value of the whole transactions.

It need not therefore be disputed, an increase of paper money enhances the price of goods. It of course also discourages both the exportation and

consumption of them abroad, which must raise the course of exchange with foreign parts. The expenditure of mankind in general is individually limited by their revenue. The expense of their consumption cannot long exceed that revenue. The lower the price of commodities, either of necessity or of luxury, the greater quantity is within the reach of their revenues, and will be used. To a manufacturing and commercial country, a small profit upon a great business is more beneficial than a great profit upon a small business. Exorbitant profits upon a limited business approach by degrees to monopoly, which puts an end to the consumption and stops the traffic. The price of commodities enhanced through paper money must be compensated to the foreigner in the course of the exchange. This may be carried so far through paper, as to render a traffic unfavourable, or against a country, which without paper circulation would be advantageous and beneficial.

Wherever the circulation of paper money is so overcharged as not to be convertible into gold, which equally maintains its value in all countries, the paper money then becomes confined to the circulation of its proper country. A difference arises betwixt the price of any article in gold, and the same value in paper money : a guinea in gold may require twenty-two shillings in paper money to purchase it. Increase the quantity of paper still farther, it may require double the sum ;

and it is possible to carry the quantity of paper so far as to lose its reputed value altogether. Where little or no gold is current, nor the money of other countries, this may not be perceived ; because there is no other true circulating medium in sufficient quantity by which to measure it ; but present or pay with both the gold and paper in a foreign country, and their respective values will be found out. The same thing happens exactly in commodities and provisions ; the estimated value of paper money will on the same scale purchase just so much less bread, meat, drink, or other articles of life. The scale being gradual, it is not observed until the individual finds his fixed revenue does not procure him the same quantity. He must deny himself the gratifications and comforts he formerly enjoyed, and restrict himself just in the proportion to the quantity and depreciation of paper circulation. Let him step over the frontier of the country to which the paper depreciation of money is confined, and he feels his income or revenue replaces him in his former consumption or comforts.

Government must be supported by the people ; but it does not follow Government ought to be supported through the circulation of paper money, which involves the subject individually so much in his other concerns in life. In paying his contribution to the state there is neither justice nor necessity in laying him under contribution, to enrich the numerous class of men engaged in

banking, or the still more numerous speculators on paper money. After the individual has paid his tribute out of his income, he is entitled to have full value for the remainder.

It has been maintained in favour of paper circulation, that it enlarges the quantity of commodities by giving life to new industry. And it has also been observed the circulation of paper money, particularly from the Bank of England, during the late years of scarcity, facilitated the importation of corn. The first of these propositions is a compliment to paper money better received than examined into, and is not at all clear. The reverse seems to be nearer the truth ; for industry is primary. Paper circulation may follow industry in transporting commodities from the maker to the consumer ; but without a maker and a consumer, or without population and industry, there is no use for paper money. While paper money will not make either the one or the other, they may make paper money as a convenience—moreover, paper money preys upon industry, in the interest which it always carries to the issuer ; neither could it have been of much utility in the supply of corn during the years of scarcity. Paper money cannot carry its value abroad into other countries, nor pay the price of corn, or an unfavourable balance of trade which the importation of corn occasioned. It has been already observed, that at home, in tending to raise prices on the one hand, and by discounting of merchants' bills, and

thereby relieving the merchant from the necessity of bringing the imported corn to market, but as his avarice or interest suited ; on the other hand, it rather increased the distress. The facility of acquiring Bank notes on credit without any solid basis, increased the number of speculators in corn. They met each other, or their demands for corn met in the foreign market, which in increasing the competition or number of bargains, must, as in other cases, have had the effect to raise the price paid to the foreigner. This increase of price behoved to rest first upon the consumer, and finally a weight upon the commerce and industry of the country in the balance of trade, or the course of exchange, which was thereby rendered so much more unfavourable. The same thing may happen, and certainly often happens, in the speculations on all other commodities, the aggregate whereof is not calculable ; but it is visible to afford a serious distress to the commerce of the country, and to its true capital.

In the intercourse betwixt foreign countries every advance upon commodities must either be repaid in the course of exchange, or discounted on the price on going out of the country in which it is produced. For in as much as the money in any country is depreciated, the goods or merchandise of any other country sold to it, will be just so much raised in price on entering the country.

Excessive circulation of Bank notes beyond the only possible criterion, their convertibility into

gold, which the restraining law has done away entirely, would, from the preceding observations, so far as they may be just, appear to be attended with much injury to the community at large in various respects; more particularly, first, in bringing the public under contribution of an annuity to the banks of a million and half, equal to the interest of thirty millions of estimated circulating paper, without any value whatever—this sum in real money formerly would have been equal to the expense of a campaign in war: secondly, in the diminution of the fixed income of every individual in the state, of one half, or at least of a third; and of course in a proportional deprivation of his comforts: thirdly, in increasing the difficulties to agriculture, to manufactures, and to commerce, by enhancing capital and interest employed in them by raising the prices of labour and commodities, and by diminishing the consumption: fourthly, in increasing the evils of an unfavourable course of exchange with foreign countries: and finally, in laying the foundation for, and leading directly to a general explosion of all confidence founded on paper credit; and which may be attended by the ruin of many individuals at least, if not by public confusion.

Mr. Thornton has written with the view of reconciling public opinion to this inundation of paper money. He, though placed in the situation of a guardian of Bank notes as a Bank Director, has, in the course of his discussions upon paper

credit, been led to admit evils arising from an excess in paper money. He has endeavoured to find a measure by which to regulate the extent of Bank notes in different ways : first, in fixing a specific amount to them : secondly, in the prudence of the Directors of the Bank of England ; for he seems to agree the extent of the circulation of the paper of country banks depends, under the restraining law, as has been already traced, on the paper of the Bank of England : or thirdly, in the unwillingness of the borrower.

He seems also to admit, that notwithstanding the great circulation of Bank notes, in fact payments of a great part of the value of commerce are made not by notes, but by bills of exchange. The latter are certainly a much fitter vehicle than Bank notes. They are transferable by indorsation, which gives a greater security in transmission than attends Bank notes. They are free from the expense of interest to the issuer of Bank notes ; they can be made to suit every transaction, and if lost or destroyed they are capable of being traced or renewed without injury to the parties concerned. They are in the power of every person who has occasion for them ; and if true bills, they are radically founded, not on fiction, but on the property *bona fide* transferred, and the representation of real capital or wealth ; and finally, they do not produce an improper depreciation in money. They have therefore many advantages over Bank notes in real transactions ; and as they serve all the pur-

poses of Bank notes for large sums, there appears little or no necessity for the Bank notes bearing great sums. The great necessity or utility therefore of Bank notes, seems to be confined to the extent in which they supply the want of circulating money. This is discovered from experience to be in the extent of the small notes, and which, from the statement laid before Parliament, has not at any time exceeded three millions four hundred and fifty-three thousand one hundred and thirty pounds of the notes of the Bank of England of two pounds and one pound; and upon the scale of calculation on the extent of circulating paper, may at most be extended to as much more for the country banks, making together the gross sum of 6,906,260*l.* The notes of two pounds and one pound serve all the purposes of guineas, and would make up the blank in the circulation, which has been occasioned by the displaced gold. So far at present there is an evident necessity for Bank notes; but, beyond that utility, the disadvantages arising to the community would appear greater than the advantages arising from the circulation of paper money, as now thrown loose. Even under the criterion of convertibility, paper money may admit of much abuse, which real money will not.

The prudence of the Directors of the Bank of England, however enlightened in their minds, or virtuous in their dispositions, has always in the measure, fidelity to the trust committed to them in the

office of Directors, and also direct emolument or profit, both to themselves and to their constituents, to contend with. The interests of the community, and of banking, are in direct opposition to each other. The guardian of public interest would be acting in opposition to the banking interest in limiting the extent or uses of paper; and the guardian of the banking interest is by situation the usurer to the community. They are opposite characters, and cannot be supported to their extent by the same individuals; the one must be sacrificed in the encouragement of the other. The Legislature formerly, upon the same principle it limited the extent of legal interest to five per cent. deprived the Directors of the Bank of England of the power of lending to the Government, without the authority of Parliament. Since that barrier of public regulation has been removed. Let the situation of the public, and of their property individually, be now considered. Is it not in the power of the Bank Directors to restrict their circulation from the latest known extent of sixteen millions one hundred and eight thousand five hundred and sixty pounds, on 1st February 1803, to the extent of circulation, to which the public economy, or the public confidence in the Bank, had restricted them in February 1797, under the principle of paying gold, viz. eight million six hundred thousand pounds? And would not the effect be to sink the current prices of most articles in the same proportion, or nearly one

half? And having so restricted their circulation, and so much lowered the current price of every commodity, would it not be in their power to re-issue the paper, and again raise the prices to the same height? Or in the present situation of public affairs, by lending to the Government sixteen millions one hundred and eight thousand four hundred and sixty pounds more of their paper, which has been shewn cannot return upon them but through the channels of Government, and thereby almost double the present prices of every article not superabundant? Under the existence of the restraining law, there appears nothing to check or prevent such a measure. Neither is there any thing to render it perceivable to the public, under a confidence between Government and the Bank Directors, but in the course of exchange with other countries, and in the restriction of consumption under individual fixed incomes. The fifteen millions lent to Government after the restraining law, could not have been the property of the Bank; because their capital was little more than eleven millions and a half of three per cent. stock, or in sterling money if then sold, than a third part of the sum lent; neither in doubling the loan upon circulation in the same manner, would more capital be required. The understanding of John Bull has often been made the subject of ludicrous observation. In no instance has his intellectual discernment been so ill treated, as in his own steward taking his own money out of his own

pocket, and charging him with the interest to his bankers for the pretended loan of it.

Even the weight of such a measure might, by great exertions in manufacture and commerce, be rendered invisible or less perceivable in the course of exchange. The advantages of an extended and beneficial commerce with foreign countries, which, under a regulated circulation of paper money, would bring the course of exchange greatly in favour of Great Britain, may be counteracted in the excessive circulation of paper money, and may hold the exchange unfavourable. It would appear the Bank Directors have discovered this point, and to have become able, by the effect of paper, to hold the exchange with the continent just at the point at which gold does not flow or return into Great Britain, notwithstanding the increased exportation held out in the statements of the Ministry. The exchange may vary at different places, but, like different accounts, it, by the operation of bills of exchange, is generally soon brought to one general balance for or against any country. The extent of paper circulation in the Bank statement laid before Parliament, and the course of exchange, seem to have become equally stationary. Is not then the course of exchange, and the price of almost every commodity, in the hands of the Bank Directors? And may it not be in the power of Ministry, in collusion with the Bank Directors, to raise or levy millions of money from the people unconstitutionally? Will not

the issue of a million or more, as they may choose, of ready money thrown into the market of the national funds, raise or depress the price, at the discretion of the Bank Directors? and do we not see the British funds rising and falling in starts, almost every week? The French funds, which are regulated in price more by solid money, for they have little paper money, are more stationary and regular in their fluctuations. They are more free from startings since the peace, and were nearly at a rate, compared with the British funds, of the cash money price, to the paper money price. May not the violent agitations of property, and the advanced prices of individual comforts, occasioned by paper money under the restraining law, even in the prudence of the Bank Directors, become in danger of undermining or varying that opinion, upon which the whole superstructure is erected and stands? In the contract of political government, there is with the people an implied principle of right to a part of the property, in order to afford protection and security to the remainder. But that government, which takes a great part, and by any measure, either direct to itself, or delegated to others, renders the value of the remainder precarious, may thereby lead to its own instability.

The spirit of speculation in a commercial country leaves no effectual limitation in the unwillingness of the holder of Bank notes. Adventurers are always to be found to go any length

with fictitious money, or discounted bills. At the subscription to the loyalty loan they were under the necessity of shutting the Bank doors against the fresh crowds of subscribers; and, before payment, it was above eighteen per cent. discount. A variety of lists, differing but little in price, were presented for the last loan; but which could not be paid up without coming to a like discount. Lately the difference of the price of stock for money, and the price for time, was no less than one and three quarters per cent. During the account, stocks fell above ten per cent. which must have ruined many individuals. The difference is occasioned by buying with ready money, and selling at the time-price for the account. In the midst of such distress for real money, many purchasers could not have gone into it so suddenly and easily without Bank paper obtained for discounted bills, to which the circumstance of the account day coming round, when the transaction ended, before the bills became due, is particularly favourable. The inducement was great to the speculators; for while they paid five per cent. to the Bank, they sold the stock on time so as to lend it at above thirty per cent. In this manner, people of credit, in discounts, were induced to join the gamblers. At all times it is believed more bills are presented to the Bank for discount than accepted of; and that the prudence of the Bank Directors in circulating notes by discounting is, at no time, limited by the unwillingness of

such adventurers to hold notes. By the joint securities, in discounted bills, losses, arising on speculations with the money, are shifted from the banks on the public.

Banks are not only thus relieved from the consequences of speculation, arising from money obtained upon discounted bills; but in the act of discounting, there is an advantage to the Proprietors and Directors, or a patronage in banks to favourites, which may be, and no doubt is, attended with consequences extremely pernicious to society, or to the fair trader. They may take their notes to themselves, directly or indirectly, in the first place, or may discount the bills of one set of people, and reject the bills of another. As they can raise or diminish prices, by withholding, or issuing, paper, they may also in discount enable one set of people to purchase, and, in some degree, withhold another from purchasing; or they may become purchasers and sellers themselves, according as they have regulated or affected prices, or arranged the facility of competitors. So long as their paper was subject to the responsibility of public opinion, this might be a patronage due to their credit respectively. But now that paper and ink is, by an act of power, rendered into a mint, from which they may throw money to any extent, credit is out of the question, and all capital is nothing in opposition. How is individual capital to bear up against the influence of paper circulation, which has no control, or exist against the opera-

tions of a banking company, which, the one day, could not conduct its own affairs within the rules of the consistency or prudence required from individuals ; and which, by the act of the Legislature, is enabled, in a few days after, to lend to Government fifteen millions of money ? Such a loan is from a predilection to Government in the Bank administration ; and if we pursue the same facility of predilection towards the Directors themselves, towards the Proprietors, or towards favourites of Directors and of Proprietors, in the extent of their respective influence with the administration of banks, and calculate the effects of such a sum of fictitious money, directed against true capital and fair trade, what may not the magnitude of the mischief amount to ? The ordinance brings the statute-book into inconsistency. In one chapter, the wretch, to whom a shilling is necessary, perhaps to his existence, is declared a felon, for throwing upon society a fictitious shilling or note ; in another, a favourite company is privileged to throw millions, against the influence of which, in every affair of life, no capital, nor no virtue, can give protection, either to the community, or to the individual. The blame, in such a measure, cannot with justice be imputed to banks ; but it must rest with those with whom it originated, and the demerit of it with those from whose authority it emanated.

To attack the practice of discounting bills in this country, may be reckoned presumptuous ; and

discounts are obtained in Bank notes. Discounts made with inconvertible paper money may however be illustrated. Commerce, in the simple and pure commercial state of society, in any country, consists in the production and consumption, or of the grower or maker, and of the consumer or user of commodities, with the intermediate person who transports the articles from the one to the other, where that is necessary. Without production there can be no consumption: without consumption there is no occasion for production or manufacture: without both production and consumption there is no room for transportation. The three naturally adjust themselves to each other; and the harmony of the whole consists in keeping each other constantly employed, which forms the most perfect commercial state.

Consumption upon sound principles will always carry along with it the other two; but the other two evidently will not always carry consumption. The chief point in the system, therefore, is to keep the consumption right. The consumer needs no artificial means of storing; it is sufficient for him to be supplied. Storing is attended with an expense; and the less he stores, he can use the more, with the same revenue or income; at least, as much more as will be equal to the expense of storing. The employment in both production and transportation consists in the regularity of the consumption. The producer can have neither desire nor interest to stop the consumption or

use of his own article ; he naturally wishes to be clear of it, in order to make way for the succeeding articles. The transporter ought to have no improper artificial means of impeding or interrupting the connexion between the other two ; and the more he transports, the more profit he is entitled to.

It is inherent in the exercise of capital for societies, companies, or the individual who possesses it, to use it at pleasure, or to the best advantage ; and no restraint can be exercised upon the capitalists, without infringing the principles of property. But, on this arrangement, let an artificial and temporary capital, such as bills discounted with inconvertible paper money, be introduced ; and let the uses each of the three characters may turn it to be examined. The consumer has no use for it, or ought not to be entitled to it, because he has no right to use more commodities than he can pay for. The producer will use it, in withholding his articles, and thereby distressing the consumer, and, of course, limiting both the consumption and transportation, which ought not to be indulged. The use the transporter would make of it, is obviously to retain the commodities in his possession ; and to bring the other two classes into his power, either by starving the consumption or clogging the production, in order that he may make the most of both in the prices. The less artificial accommodation there is, the more directly

will the commodity reach the consumer, and the more moderate will the price be.

Such discounts would, therefore, not appear to be beneficial for the purposes of society, either in the hands of the producer or of the consumer, or necessary either to their sustenance or multiplication. They appear to have been invented in a more advanced state of society by and for the accommodation of the middle class of men in the commercial state. By means thereof, they, without capital, or beyond their capital, become proprietors in place of transporters; and by receiving or withholding from the other two classes, practise upon their necessities, in obtaining from them, by means of higher and lower prices, an additional profit, which otherwise the producer or consumer would not give, sufficient to pay the banker for the use of his paper. Sometimes the transporter is fortunate in his speculations upon prices; sometimes unfortunate. From the shortness of the time for which bills are discounted, it affords but a precarious relief to merchants, and is calculated more favourably to the banker's profit. In every event, the banker must be paid the discount for the use of his paper, like the keeper of the gaming-table. At length, in the frequency of the transactions does banking absorb, in a great degree, the floating wealth of the country, by a species of labour unproductive to society.

The productive and consuming classes consti-

tute the essential parts of society : the first, in the production of wealth ; and the second, in the discharge of functions necessary to society, which compensates the industry of the producer and manufacturer. The middle class is essential to both the other two. The producers and consumers cannot be too much increased, for they support themselves, while the transporters or middle class may become too numerous, for they are supported by the other two. So far as serves to the transportation of commodities, the middle class is absolutely necessary to society ; but so far, as, by means of bills discounted with fictitious paper, they are enabled to become proprietors, and to work upon the necessities of the other two classes, in detaining commodities, they become a burden upon the productive and useful labour, at the expense of the other classes.

The circumstances are not altered in a country considered as a depot to the merchandise of other countries in transit. The commodity is always liable to the expenses attending transportation ; and every speculation in it upon paper money as fictitious capital, may be the more pernicious, as it is checked in the consumption of countries under the influence of real money. When it is considered, the paper given in discount of bills is not convertible into money in this country, nor current in foreign countries, it is difficult to conceive in what manner such Bank notes can afford any transit to foreign commodities, through this

country, more than the bills discounted. It will also be a difficult matter to point out foreign commodities passing in transit by means of the extent of paper money, under the effect of the restraining law, which would not have passed, if that law had not existed. If in the internal economy of the nation, paper money, under that law, is a distress, it does not appear to afford any advantage in the exterior relations.

Complete persuasion is, perhaps, not to be found in reviewing the reasons, stated by Ministry, for such a violent measure as the restraining law, either at the time it commenced, or at the different renewals of it since. The reason first assigned was, the Bank would be deprived of the means of supplying cash necessary for the pressing exigencies of the public service. The reasons assigned for the renewal were the solidity and responsibility of the Bank; that the state of the exchange proved no influx of bullion from abroad; that the country banks would make a demand on the Bank of England for gold; and that it was better to continue the restriction too long than too short, or to remove it too soon.

The legislative deliberations upon public measures generally carry with them to the public conviction. The publicity establishes public confidence in them. In that the public opinion is more persuaded than commanded to obey the laws so enacted. But few measures of such consequence appear to have passed their deliberation

with less persuasion to the public, or with less examination by the Legislator, or reasoning upon the effects, than the restraining law has perhaps done. And it may with many still remain in doubt, whether the measure has been supported upon the principles stated, or rests upon reasons of state not mentioned.

It is not to be disputed the exigencies of the public services had a preferable claim to the use of gold, if it was necessary for carrying them on. Such might afford a reason at the time for seizing the gold at the Bank, or laying the gold in the country under requisition to the extent necessary for the public services. But it does not appear sufficient for establishing a lasting system so beneficial for the Bank, and attended with the consequences already enumerated to the community. The solidity of the Bank of England has been since assumed without inquiry. It is to be hoped the solidity of the Bank is as great as matter of opinion can render it. It has, however, got into a secret connexion with the Government, which former Legislatures held illegal, as capable of much abuse, and leading to dangerous consequences. It has been shewn to be possible for that connexion in the circumstances to be carried so far with paper money as to bring the credit of both into disrepute—even to destroy that opinion upon which the solidity of both is founded and supported ; the removing or withdrawing of which

by the public may prove fatal to the whole fabric.

If there is any truth in the preceding remarks upon the course of exchange with foreign countries, and shewing how a favourable state of exchange may be counteracted by the excessive circulation of paper money, it then becomes in the power of the Directors of the Bank of England, under the restraining law, to hold the course of exchange at the point when gold would just begin to flow into this country, without allowing it to enter. Emolument to the Bank of England is a powerful motive for doing so, which would be diminished as gold enters. The profit of the Bank lies in the extent of the paper issued, which keeps the gold from entering the country from abroad. If the government argues, as gold does not come from abroad, the paper must be protected by power; by reasoning in this circle, the paper will have no end, for gold cannot return till the excessive paper is done away. In place, therefore, of the state of the exchange affording a reason for continuing the restraining law, it would appear to afford the best reason for discontinuing it. The country banks will, upon the expiring of the restraining law, be deprived of the shelter of the Bank of England paper, and thereby be laid open to the responsibility and criterion of public opinion, and confidence in the extent of their circulating paper. They will be under the necessity of diminishing

the quantity of their paper in circulation, in the same manner as the Bank of England. Yet it does not follow they will run on the Bank of England for gold. That will depend upon the degree of public confidence in their paper. The notes of the Bank of England being also reduced in number, the country banks will have that instrument less in their power to call for gold from the Bank upon these notes. Less paper money being afloat, the greater will be the responsibility annexed to it; and of course, the more confidence will be placed in it by the public. Real money being, through the diminished paper, restored to its proper value, gold will begin to flow back from the continent; and things in general, as to price, will begin to recover their relative and natural situations. If such shall be the event, the reverse of the general conclusion will be the true rule, that it is better to remove the restriction too soon, than to continue it too long. Happen when it will, the over-extended speculation of individual adventure in paper prices must bring with it many failures. In every event the transition from the paper extension of money into real money must occasion great distraction in commercial affairs in general. But the sooner the evil is corrected, the less will be the extent of it: and the industry and spirit of the country will again begin to be replaced on the footing of its true interest in the competition with other nations.

If, on the other side, the fit period for removing the restriction, which so evidently unhinges, deranges, and renders unstable, every commercial and relative principle, connected with price or money, is not yet come ; when will it come ? or in what state of public affairs will it be found ? Where is the resting point ? It has not yet been found in war nor in time of peace. What experience is there to shew that period ? or what theory is there to lead to it ? Surely it cannot be in extended commerce, because the export and commerce of the country is represented to be greater than it ever was. The years of scarcity are past, and corn has sunk to its ordinary price. The value of the corn formerly brought from foreign countries is paid, because the exchange has been at par since. The period, which neither experience nor theory can point out, is not to be expected ; at least, it is not to be reckoned upon, nor waited for.

The Bank of England has not appeared to demand the continuation of this restraint in the after renewals. On the contrary, it has been represented for the Bank, the Directors were willing to make arrangements to make payments in gold ; or, in other words, to diminish the circulation of notes. This was evidently the language of situation, more than of desire or of interest. A measure attended with so much gain to the Bank Proprietors will not be voluntarily abandoned by the Directors. The alternative left to the Bank Di-

rectors to pay when convenient is nugatory : and is it to be expected any pensioner will complain of his pension, and desire the contribution of so much wealth to be withdrawn from him ? The measure must be imposed upon the Bank by the same authority by which the restriction has been enforced upon the public. It arose in the necessities of the Bank, and what with any other company would in law or morality have constituted an act of bankruptcy. Until the Order of Council passed into a law, the Directors were under no necessity of observing it. But it was easy to obey the mandate petitioned for ; since the Bank Directors have been at liberty to abandon it, upon making the prescribed communications of the intention to Parliament, which has not been done. Indeed, the Directors have not asked the continuation publicly ; but the Ministry has done it for them : which suggests the inquiry, What benefit the measure affords to statesmen ?

The excessive circulation of paper money, founded upon this measure of authority, or of force, is not necessary in the internal economy of the country, because the extent of it, applied in that way, evidently did not exceed seven millions. It may, perhaps, in the depreciation of money, render the existing taxes or burdens of the Government more easily paid by the subject ; and it may make them appear less and lighter than in fact they really are. It may, perhaps, enable the Bank Directors to increase the loans to Government, as

far as Government may carry the paper into the circle. And it may, perhaps, keep the price of the funds floating, at a higher point than they otherwise would be at, which may enable Government to make loans at a higher rate.

Admitting such to be the effect, it does not appear to counterbalance the evils arising from the excess of paper money already enumerated. The first is only a numerical deception, which ought never to be permitted to enter between the Government and the subject; lest, like deception in all other cases, it should diminish confidence, and weaken the bond of political union and support. The burden of Government must be supported by the people; and although the taxes are collected in numerical money, rendered more accessible by the distribution of paper money, the weight of the system is not thereby alleviated or removed. Although the increased quantity of paper money in circulation, renders the demand numerically more accessible to some individuals, in proportion to the increased quantity, it makes it more burdensome to others with a fixed income; and neither enriches the community nor the individual by an increased quantity of labour or value. It greatly adds to the burden of capital, for manufacture and commerce, in the payment of interest to the banks, for the use of that paper, in increasing other per centages, and in the diminution of the comforts accessible to individual revenue, as before observed. But of all things, it is the most

injurious to the community in the expenditure of the Government. The increased or forced circulation of paper money must be put an end to, sooner or later, by the Legislature, lest it operate the ruin of both.

In the interim Government is contracting debts, and expending the money upon the scale of diminished value, through the excessive circulation of paper; and we, or posterity, must hereafter repay it upon the enhanced scale of true value, if ever it is to be repaid. Hence, borrowing at fifty per cent. for instance, of the present currency diminished in value, by increased circulation of paper, in one third at least, it will be equal to no more in the expenditure than 33*l.* 12*s.* of what the nation, in the contract, engages hereafter to pay 100*l.* when the paper circulation is diminished and corrected. In the general depreciation of money, in these circumstances, capital meets with a return numerically increased, except in the dividends on the funds, which are always the same. Real and permanent capital must, therefore, in some degree, be diverted from the funds, and the terms of public loans be made so much the worse. In every loan there is a certain loss to the public in the expenditure, exactly in proportion to the diminished value of money in paper circulation. Is it to be supposed posterity will be disposed to pay such contractions, if long persisted in, without examining how they were contracted? And when they do so,

whether is such inquiry most likely to hold out any permanent foundation to public credit for the present; or to lead to an apprehension of public insolvency hereafter, if not to revolution? Is it impossible for statesmen to exceed the powers of the state, or to outdo the patience of the people, in the weight of measures?

Under such circumstances it would appear statesmen could attach little merit to themselves in obtaining advances from the Bank of England privately, or rather from the people through the Bank paper, in place of coming forward publicly with loans, or a demand of direct contributions. The Bank Directors, however well disposed, or powerfully induced by gain, to such accommodations, have limits under the circulation of paper money. They will expect one day to be repaid by Government, so as to be enabled to repay their paper to the public, which must be through public loans. The statesman must then come forward with his wants, and the situation of the public purse, when, most probably, he will find his condition is not improved in the delay. Deferrences in political, as in common life, bring difficulties and distress accumulated. When the loans come at last to be made, they are aggravated to the community in the expense of the private accommodation made to the statesman. And in the private connexion between the Government and the Bank Directors, by which Government

can raise money, to the extent of so many millions, may it not be inferred, the Legislature has, in the effect of the restraining law, abandoned, or at least suspended *à priori* one of the most important constitutional controls upon the executive government ?

The depreciated state of money, through paper, may perhaps make the price of the funds appear higher than would be the case without paper money. If money could be borrowed for the public upon that scale, and expended upon the scale of real money, there might, in this particular, be an economy to the state. But as long as it is expended upon the same scale upon which it is borrowed, nothing can be gained, and in the after-payment there is a certain loss, equal to the present depreciation of money. So long as there is occasion for loans, and while the money is disbursed upon the same scale, the public can gain nothing in the artificial elevation of price through paper money. Neither can the Government lose by borrowing upon the scale of real money, or true capital, at a depressed rate, because the quantity of human force disposable by the loan, or the objects to be effected by it, in war or peace, will be proportionally greater. The lower the price of the funds, the more powerful will be the operation of the sinking fund in reducing the public debt, which is the only object of hope left to look forward to, even in idea, for the abolition

of such a national burden; while the loans exceed the payments, the redemption fund is only a spectre, which may hereafter be felt. Bolstering the price of the funds by fictitious money, and applying the redemption fund, is acting inconsistently, and just so much impedes or defeats the object of redemption: it so far undoes with one hand what the other does, and is what might be remedied in a great degree, by the Legislature leaving the circulation of paper money to stand upon its own merits.

The people, who support every burden of the Government, and of the Administration, cannot long be amused or deceived. The weight can rest only upon them: it must soon teach them what it is, and where it rests. The statesman who attempts to deceive them will be detected in the burden. Their honest resentment may be measured by the degree of deception. He will then feel the true policy of the statesman is candidly and honestly to exhibit to the people the burden of their political system, and to require of them to meet and provide for it; in place of practising any disguise or deception upon their blunt understanding. Whether they shall continue to carry the load after coming to reflect upon it, or to throw it down, he will stand acquitted, at least from the transgression of his predecessors.

It is foreign from the present object to descend to particulars; although, it must be observed, the

object of the remarks has been in some degree obviated in the system now adopted, of supplying the expense of the public service by Exchequer bills, in place of funded loans, which without doubt is the most equitable to the public, and a great improvement in the finance, if they shall be afterwards liquidated without loans. In these the Government will pay or mortgage no more than actually it receives. It will be better to submit to a discount on Exchequer bills, than to fund at forty or fifty per cent. discount upon the consolidated fund. It is, however, liable to this objection, the opulence of the nation cannot be carried into it. The understanding and management of Exchequer bills is confined to the capital and the neighbourhood. National stock is now understood by most people of money, and applicable to the capital of the whole nation, if not of the whole world, at least so far as the national credit extends. The extent to which Exchequer bills can be carried, must therefore be more limited in proportion. In so far as Bank notes are carried into circulation upon sound principles, nothing but the want of discernment in the people, or a blindness to their own profit in the interest upon Exchequer bills, can prevent them from being carried to the same extent; although the necessities of Government may come to exhaust the credit of both.

Money, in whatever form or character, is so

desirable an object to all, the person whose opinion may tend to diminish the quantity of it, and of course the access to it, must submit to prepossessions in public opinion against him. It is not every one who will allow himself to follow an analysis of the subject, or to inquire into the consequences; or in such a subject be willing to be undeceived. And still fewer who will allow themselves to be persuaded of the paradox, the more paper money is afloat, the more is diminished the gratification arising from his fixed revenue. Nor will it be easily believed, the British Legislature, composed of so many able and enlightened individuals, could be blind to the effects of such regulation, if it shall truly carry such effects. Neither will it be admitted, that if they saw such effects following the measure, they could want patriotism or virtue enough to reject it: agreed.

But while the force of these observations is felt on the one hand, reason and judgment seem to press irresistibly on the other towards such conclusions. In order that these conclusions may appear connected or unconnected with the premises, the Author has submitted the detail of his reasoning from the facts and principles to the supposed effects. Opinion will decide for itself. If the facts and principles he has assumed are not true, or his deductions from them erroneous, his opinion will have no bad effects. If there is any truth in his opinions, they at worst can be pro-

ductive only of inquiry and remedy. His object and views are confined entirely to the measure of paper money, as protected by Parliament, abstractedly from individual character, public or private; and that only so far as to submit it to the discussion of the tribunal, before which all political administration is liable to come, and by which every thing truly great stands or falls, viz. the attention of public examination and opinion.

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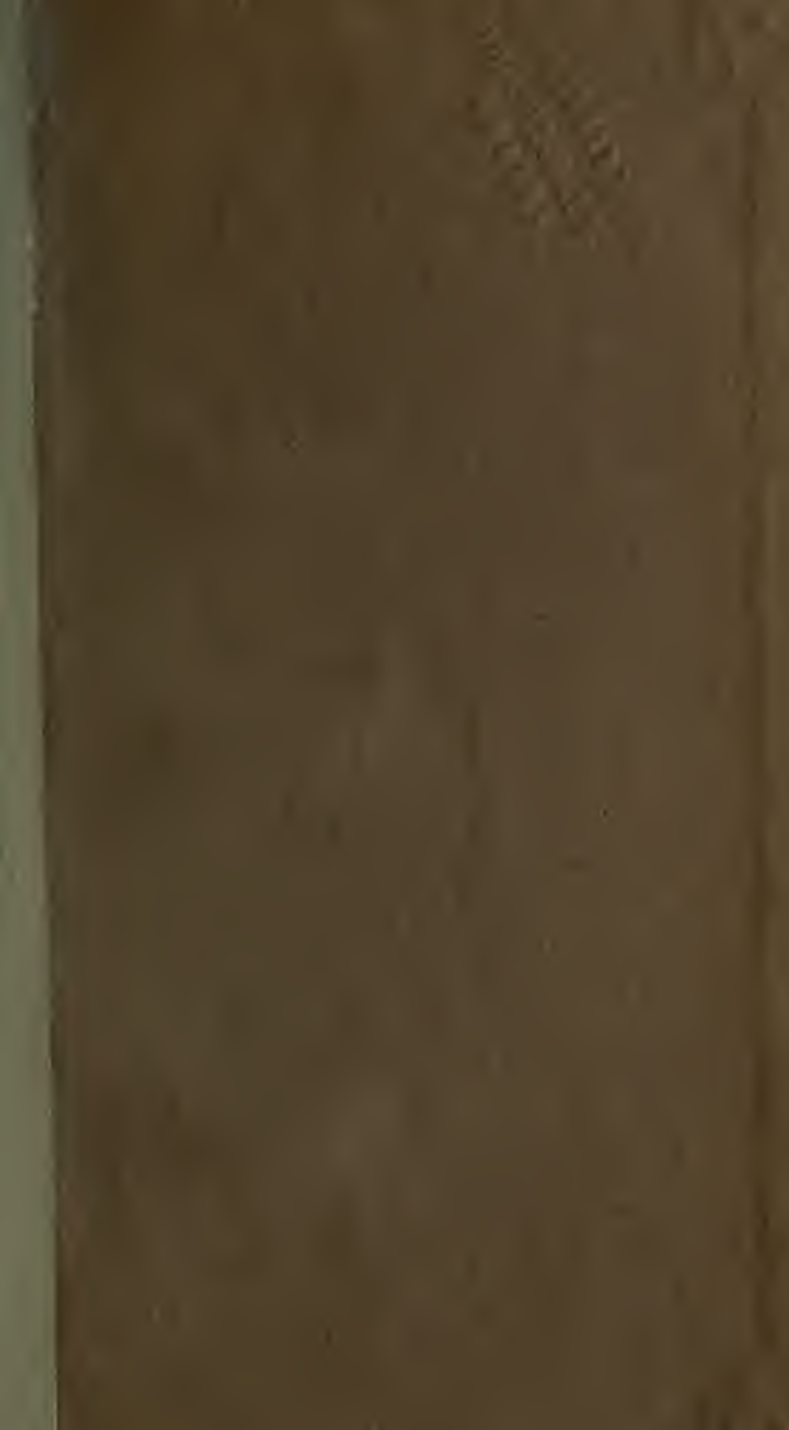
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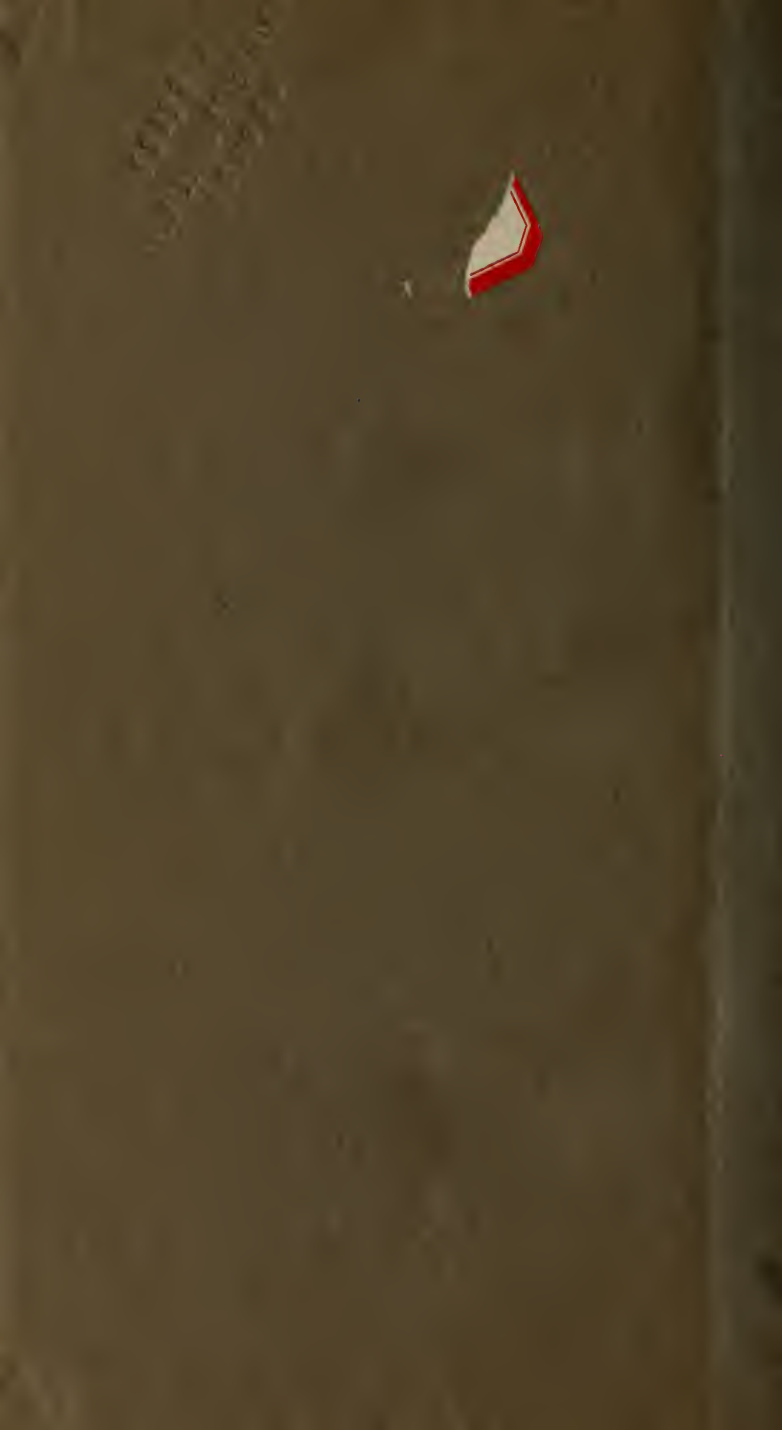
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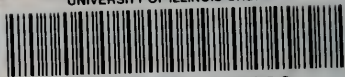
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